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UTILITIES COMMISSION

March 3, 2016

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. IPC-E-13-16 - Selective Catalytic Reduction ("SCR") Controls on Jim Bridger Power Plant Units 3 and 4 – Idaho Power Company's 9th Quarterly Report

Dear Ms. Jewell:

In Order No. 32929, the Idaho Public Utilities Commission ("Commission") directed Idaho Power Company ("Company") to submit quarterly reports updating the Commission on any changes to environmental policy or regulations until such time as the Jim Bridger Power Plant upgrades are installed and placed in service. The enclosed materials indicate that the SCR on Unit 3 was placed in service by December 31, 2015 and is operating in compliance with the established emission limit and the SCR on Unit 4 will be placed in service by December 31, 2016.

Please note that the attachment to this report is commercially sensitive and if disclosed freely could subject Idaho Power or its customers to risk of competitive disadvantage or other business injury. Consequently, the attachment will be provided separately to those parties that have signed the Protective Agreement in this matter. The undersigned attorney, in accordance with RP 67, certifies that this monthly report contains information that is a trade secret as described in Idaho Code § 74-101, et seq., and § 48-801, et seq., and as such is exempt from public inspection, examination, or copying.

Very truly yours,



Lisa D. Nordstrom

LDN:kkt

Enclosure

cc: Service List

9th Quarterly Report for the Jim Bridger Plant
Selective Catalytic Reduction Upgrade at Units 3 and 4
March 3, 2016

This quarterly report provides an update as to the current status of environmental policies or regulations that are relevant to the construction of the Selective Catalytic Reduction ("SCR") controls at the Jim Bridger Plant Units 3 and 4 ("Bridger Plant"), as well as a construction progress update for the SCR installation project through February 1, 2016, and a schedule of major construction milestones. Finally, a summary of actual project costs and a forecast of total project costs as of December 31, 2015, is provided as a confidential attachment to this report.

Environmental Regulations Update:

Clean Air Act Section 111(d) for Existing Power Plants

The final Clean Power Plan ("CPP") was published in the Federal Register on October 23, 2015. Along with the final CPP, the Environmental Protection Agency ("EPA") proposed a Federal Implementation Plan.

On February 9, 2016, the U.S. Supreme Court issued orders staying the CPP pending resolution of challenges to the rule. The DC Circuit of the U.S. Court of Appeals ("Court") has set a litigation schedule with oral arguments scheduled on June 2-3, 2016. Timing of the final outcome of litigation, including any appeals following the Court's decision, is difficult to predict.

Project Cost Update:

As of December 31, 2015, total costs for the Unit 3 SCR were approximately \$11.2 million less than the original cost estimate. The major contributing factors to Unit 3 SCR coming in under budget were: \$2.5 million due to the cancellation of the low temperature economizer exit gas temperature (EEGT) control system, \$1.2 million under budget on the flue gas reinforcement project, \$4.5 million due to a release of contingency funds, and \$1.6 million in Allowance for Funds Used During Construction (AFUDC) related to the above reductions.

The total estimated costs for the Unit 4 SCR decreased approximately \$3.9 million compared to last quarter's report. The reduction is primarily due to decreases on the Boiler and Air Pre-heater Reinforcement work, the Economizer Upgrade, and the Flue Gas Reinforcement, totaling \$1.5 million and an additional release of contingency funds of approximately \$2.2 million.

Construction Progress Update:

The project to install the SCR controls at the Bridger Plant is moving forward. Unit 3 met the required completion date in 2015, and Unit 4 is on schedule to meet the required completion date at the end of 2016. The following are updates on projects that were included as part of the Engineering, Procurement and Construction contract ("EPC Contract") or individual projects identified as separate expense categories in the budget.

Unit 3 SCR:

Work on the Unit 3 SCR has been completed. The first flue gas in the SCR was on November 24, 2015, with ammonia injected approximately one week later. The Relative Accuracy Test

Audit ("RATA") for nitrogen oxide ("NO_x") emissions was performed on December 28, 2015. The result of the RATA showed Unit 3 was in compliance with the established NO_x emission limit. Compliance with the established NO_x emission limit of 0.07 lb/mmBtu is measured on a 30-day rolling average. The EPC Contract performance test, to determine if the SCR successfully met all guarantees in the contract, was completed January 13-18, 2016. Substantial completion, the point in which the SCR was complete and could be successfully operated by the plant, was January 22, 2016.

Unit 4 SCR:

As of February 1, 2016, 99 percent of the 3,031 tons of Unit 4 structural steels had been erected and 28 percent of the Unit 4 SCR electrical work had been completed.

Both inlet and outlet flues are complete on the Unit 4 North induced draft ("ID") fan. The EPC Contractor continues to work on the installation of the South ID fan inlet and outlet flues.

Piping work continues, including sootblower and thermal drain piping. Installation of the ammonia injection grid multiple valve station and the ammonia dilution air piping has been completed.

Installation of insulation and lagging continues on the SCR reactors, SCR inlet and outlet ductwork, and the ID fan ductwork.

Schedule:

The project remains on schedule to comply with the required completion dates with the following major milestones remaining:

- Unit 4 Fall Outage Start – September 3, 2016
- Unit 4 Mechanical Completion – November 3, 2016
- Unit 4 Compliance Deadline – December 31, 2016

Conclusion:

The installation of Units 3 and 4 SCR controls at the Bridger Plant remains on schedule and under budget. Based on what is known today, the SCR investments continue to be the most cost-effective means of ensuring that Units 3 and 4 comply with state and federal emissions regulations. Further, the Company continues to believe that the Bridger Plant SCR investments represent the lowest cost and least risk option for serving future customer demands.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 3rd day of March 2016 I served a true and correct copy of the within 9th QUARTERLY REPORT FOR THE JIM BRIDGER SELECTIVE CATALYTIC REDUCTION UPGRADE AT UNITS 3 AND 4, upon the following named parties by the method indicated below, and addressed to the following:

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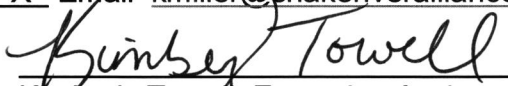
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